



President's Report

Len Matuszak

► For our last five years, the Association has benefited from Susan Klarner's leadership. We all wish her well with her career choices and thank her for her service. I would like to note that Susan continues for another year as a valuable advisor to the Board in an ex-officio capacity.

I am honored to be elected by the Board to assume the responsibility as your Association President. Thoughtfully, you have also elected other diverse and passionate board members to work in this effort to insure that our multiple interests are well represented.

I would also like to take this opportunity to thank Michelle Nguyen of CIGNA Dental for her contributions to the Board of Directors over the past two years. She volunteered to co-chair the recent Annual Conference, which received many positive reviews, not only for the program content but for the casino fun night and silent auction. Her service to the Association is very much appreciated.

In reviewing past Association accomplishments, there are numerous instances where our legislative and regulatory representatives, from Nossaman, have guided us to successes in eliminating dental from

proposed legislation or improving both legislative and regulatory directions on the bills that became law. These laws could have significantly limited member plans businesses in meeting the continual demand of consumers for controlled cost, higher quality dental coverage.

We have begun to realize a vision that many had – to reduce the administrative burden on providers who participate in our managed care networks. The dental directors worked successfully with both CDA and DMHC to accept standardized auditing procedures. This culminated in the implementation of CADP's shared audit warehouse. You should be hearing from both CADP and Gennius, the contractor for our exciting project, regarding your participation.

These and many other examples are the heritage of accomplishments of your California Association of Dental Plans. It is this legacy of success that we are all challenged to improve.

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The CADP News is published quarterly. Your suggestions and/or comments are encouraged. Please write or call:

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Vacancy

Welcome New Member!

Planet DDS

Dots and Dashes

Charles A. Stewart, DMD

Chair, Quality Management Committee

▶ Summer brings visions of holidays, and vacations with long pleasant evenings spent outside enjoying recreational activities. Unfortunately, the California dental insurance industry does not follow this traditional view of summer. In fact, this time is generally busier than most.

CADP's no exception. The Quality Management Conference, held in Dana Point, was well attended and well received. There were 57 people in attendance, including attendees from several states other than California. The Dental-Medical Integration presentation provided a current state of affairs for this cutting-edge technology used for plan design. There were exhibitors showing their products, but especially appropriate for the Quality Management Conference was the booth by Gennius. It displayed the Shared Assessment Warehouse software and offered all attendees a glimpse into the immediate future.

OK, so the future is now! It was announced that the shared assessment warehouse went live on June 1, 2007. If she has not done so already, Bernadette Downey, Gennius President, will be in contact with member plans to work them into the warehouse. The implementation of the warehouse reflects the success of over 14 years of work by the Quality Management Committee. Thanks to all of you and also to your predecessors for the hard work which this effort entailed.

Speaking of Thanks, I would like to thank Dr. Karen Feldman, who has been Co-Chair of the Quality Management Committee for the past three years. Karen has been invaluable in her advocacy for CADP and all its initiatives, as well as in her support of the Quality Management Committee's Strategic Plan. Karen - you as well as your many contributions - will be missed.

Again, on the topic of Thanks, I would like to thank Drs. Stewart Balikov and Ivan Berger for their assistance throughout the year on the CADP QA Consultant Training courses. Their knowledge and insight provide added perspectives to the course. Ivan though, needs to update his wardrobe and get rid of that blue and gold, preferably replacing the blue aspect with cardinal. Thanks also to Jackie Miller and Dawn Hummel for assuring the arrangements for the conference were seamless.

Now I'd like to discuss future activities of the Quality Management Committee. I would like to increase the involvement of the compliance directors and managers in Committee activities. My idea for doing so is to allow the reporting of regulatory and legislative activities to be expanded to include this group. I am working with and will appoint a subcommittee of compliance staff, and they will have a regular part of the agenda for all future meetings.

I attended the Oral Health Los Angeles meeting in June. Also in attendance at this meeting were Drs. Richard Hague and Robert Shechet. This was a meeting of community activists and politically active people to discuss the state of oral health in Los Angeles, and even in California as a whole. My take away: all the discussion we have had in the past, and our strategic direction to improve children's oral health and access, are merely the tip of the solution. The majority of attendees knew the statistics, but were not aware of what CADP has done. There was mention of the Give Kids a Smile® program by Dr. Eugene Sekiguchi (Past President of the ADA), but the fact remains that the lack of access to dental care is far from being solved. I will ensure that this aspect of the strategic plan continues and pledge to increase the involvement of member plans in the effort to alleviate this epidemic.

Legislative Report

Jo-Linda Thompson, Nossaman Guthner Knox & Elliott LLP

▶ As you've heard by now, Senate President pro Tem Don Perata and Assembly Speaker Fabián Núñez have agreed to merge their two measures, AB 8 and SB 48, into one measure (AB 8) and have agreed to compromises between the two formerly competing measures (see related article). SB 840 (Kuehl), the single payer measure, is moving, but will be vetoed by the Governor. As you know, the Governor's health initiative has yet to find an author so there is no bill that reflects his ideas on this issue, although there have been a number of press releases and news items explaining his plan for universal coverage. His Republican colleagues do not appear to share his vision for healthcare reform and have introduced their own plan; that plan does not appear to be going anywhere.

Evidence of a potential initiative campaign appeared recently when Blue Cross announced that it has set aside \$2 million preparing for a big campaign to undermine the health care changes being pushed by Democratic lawmakers and Governor Schwarzenegger. Blue Cross has 8.6 million California customers and is adamantly opposed to most of the changes that have been suggested, especially a requirement that policies be sold to anyone, regardless of medical history. The California Medical Association (CMA) has denounced the Blue Cross move while AARP, Blue Shield and the Service Employees International Union (SEIU) are mobilizing support for some form of expansion of coverage, and Safeway continues to press forward with a business group endorsing something like the Governor's plan. The deep pockets appear to be getting ready for what promises to be a very controversial 2008 ballot with perhaps as many as three plans qualifying for voter review.

Finally the status of the last three bills we are working on is as follows:

AB 1554 (Jones) (oppose), is an attempt to regulate rates, premiums, and almost every contract provision and is now in the Senate. The Governor is not in favor of rate regulation and is quoted as saying that the free market should be allowed to work. AB 895 (Aghazarian) (amended to remove CADP concerns), which is sponsored by the California Dental Association and deals with coordination of benefits, was a big legislative challenge this year. Thanks to Jeff Album, his team at Delta Dental, and other plan lobbyists for helping us successfully amend this bill. Thanks also to the author, who met with us several times, understood and appreciated our position and agreed to take our amendments. AB 895 is now in the Senate. AB 834 (Hayashi) (support), relative to a dental disease prevention program for children, is also in the Senate. (Update: AB1554 failed passage in the Senate Health Committee.)

As we move through the remainder of the summer, the two most important issues for leadership and many legislators are the changes in term limits, now on the February 2008 ballot, and several redistricting plans moving through the Legislature and toward the February election. The fight to resolve these two issues and what the campaigns for and against them will look like create a volatile backdrop for current bill negotiations. Until they are resolved, it is difficult to predict when and if there will be real changes in health care or access to health care this session.

Dots and Dashes (continued)

Collaboration between CADP and the CDA has been ongoing, with CADP representation in teaching two courses during the CDA's spring scientific session in Anaheim. Dr. Gary Dougan worked with the CDA staff in a course to provide the plan perspective on perceptions of insurance issues. Drs. Feldman and Balikov joined me in presenting the Shared Assessment Process in an animated presentation. In addition, CADP has provided regular input to the monthly CDA Update on issues that have been identified by the CDA as ones to be addressed. This exposure is vital to improving the relationship and communication between organized dentistry and the insurance industry.

Legislative and regulatory issues continue to demand attention and activity by members of CADP. We expect the release of the second draft of the Access Regulations at any time. CADP will ask for input from plans to include in an industry response during the comment period. There is also the expected release of the discount plan regulations and revisions to 1300.51 and 1300.52 some time in the near future. Once these issues are released, we will review and determine appropriate actions. 2007 still appears to be the year of healthcare reform, with many bills on the subject at various stages of the review process. Interesting at this time, it does not appear that anyone has authored the Governor's health reform proposal. We may see this on the ballot, with large plans allocating funds for this initiative process. I would expect to see this activity continue into 2008.

The Quality Management Committee held a summer meeting on July 10, and meets again in September. Please contact Executive Director Jackie Miller for time/location information.

Enjoy your summer and try to get some much needed and well deserved rest and relaxation.

Regulatory Report

Mary Powers Antoine, Nossaman Guthner Knox & Elliott LLP

Below is a chart updating the latest information on the Department of Managed Health Care's currently pending regulations and regulations under consideration.

CURRENTLY PENDING REGULATIONS

Regulation

AB 2179 – Timely Access to Health Care Services (Adds Rule 1300.67.2.2)

Status

The first formal draft of these regulations was officially issued on January 12, 2007. The comment period closed on March 5, 2007. The DMHC also held a public hearing in Sacramento on March 5, 2007. The DMHC has indicated that it may be releasing the second draft in mid-June.

Remarks

CADP understands from the DMHC that the regulations have been significantly revised. CADP is working with CAHP, CMA and CAPG to develop potential responses. CADP will prepare a formal comment letter once the second draft is released.

Balance Billing – Proposed Addition of Rule 1300.71.39: Definition of Unfair Billing Patterns; Prohibition Against Balance Billing by Emergency Services Providers

DMHC held three public comment meetings during September and October, and extended the comment period to accommodate stakeholders' desire for more time.

We will not be providing any comments unless the regulations are revised to impact dental plans in some significant way.

Independent Dispute Resolution Process – Proposed Revisions to Rules 1300.71.38 and 1300.71: Criteria for Determining Reasonable and Customary Payment for Non-Contracted Providers

The comment period closed on October 13, 2006.

We have not heard anything further on the status of these regulations.

REGULATIONS CURRENTLY IN DRAFTING PROCESS

Regulation

Revisions to Rules 1300.51 and 1300.52 – Licensing Applications

Status

The DMHC is in the process of revamping the regulations relating to the licensing process. CADP continues to discuss the regulations in the DMHC's ad hoc working group's bi-monthly meetings.

Remarks

The DMHC has not yet released anydrafts.

Discount Plans

Suzanne Chammout, Chief of Regulations Development at the DMHC, is currently working on a draft of these regulations.

The DMHC is expected to seek informal stakeholder comments as has been done with other regulations prior to issuing them for formal comments.

Health Care Reform Update

Jackie Miller, Executive Director

An agreement by the Democratic legislative leadership to put forward a single health care reform measure sets the stage for a debate with Governor Schwarzenegger, who is championing a proposal of his own. The debate is expected to heat up during August.

Both proposals would reduce the number of uninsured Californians, expand coverage for children and make employers play a larger role in financing health care. However, the now-merged Democratic measure, AB 8, and the Governor's proposal differ in several key respects:

- Insurance Mandate: The Governor's proposal requires all Californians to obtain health insurance, while AB 8 does not.
- Employer Contributions: Under AB 8, employers would be required to put 7.5 percent of payroll costs toward health care, with no exemption for employer size; the Governor's plan proposes 4 percent.
- Insurer Requirements: Under AB 8, insurers would be required to cover all but those with serious medical conditions, who would receive coverage through a state-run high-risk pool. The Governor's plan requires insurers to cover everyone regardless of health status.
- Provider Fees: The Governor's proposal calls for a 2 percent and 4 percent fee on revenues of physicians and hospitals, respectively. The Democratic proposal does not contain this provision.

Because AB 8 doesn't contain a mandate for individuals to purchase insurance, it would cover fewer people. The Democratic proposal would cover approximately 3.4 million people, while the Governor's plan would cover more than 4 million uninsured. California currently has an estimated 6.5 million uninsured residents.

In the News...

▶ **Internet Users Seek Information re Dental Health**—According to a survey by Columbia University College of Dental Medicine, 54.7 percent of respondents are using Aetna health care information sites to search for material on dental health. Conducted from May 2006 – January, 2007, the study involved 309 participants and was funded by a grant from the Columbia University Center for Advanced Information Management, a Center for Advanced Technology supported by the New York State Foundation for Science, Technology and Innovation. Respondents were subscribers of Aetna’s dental health information websites. Sixty-six percent of respondents were women and 31.1 percent were respondents aged 60-69, representing the largest age group. The survey also found:

- 95.1 percent of respondents search the Internet for medical information
- 90.9 percent of respondents who smoke use the Internet for medical information
- 33 percent are interested in obtaining both medical and dental health information from the Internet

▶ **Poll Shows Support for Health Care Reform**—A poll recently released by the nonpartisan Public Policy Institute of California shows that 75 percent of California voters see as a “big problem” the fact that 6.5 million Californians lack medical insurance. Other findings:

- 71 percent think “major changes” are needed
- 65 percent favor requiring everyone to be insured, with the costs shared by employers, healthcare providers and individuals
- 58 percent think the federal government should provide national health insurance, even if it requires higher taxes

▶ **Department of Public Health Established**—Effective July 1, the Department of Public Health was established as a separate state department, with certain functions formerly within the Department of Health Services transferred to the new entity. The new Department will focus its efforts on acts of bioterrorism or other major public health emergencies; access to preventive health care services; obesity, diabetes, and tobacco use and exposure to second hand smoke; health care-associated infections, medication errors, and other adverse events occurring in the health care setting; increasing public health functions of state government; and enhancing partnerships with local health departments and other local community partners, health care providers, and the academic community. Dr. Mark Horton has been named to head the new Department.

Formerly the Department of Health Services, the responsibilities of the now-Department of Health Care Services will be the financing and administering of individual health care delivery systems, including Medi-Cal. Its programs will provide health care services to low-income persons and families who meet defined eligibility requirements; emphasize prevention-oriented health care programs that promote health and well-being; provide access to comprehensive health services using public and private resources; and ensure appropriate and effective expenditure of public resources to serve those with the greatest health care needs. The Department will be headed by Sandra Shewry, who headed the Department of Health Services.

▶ **U.S. Companies Tackle Employer-Sponsored Health System**—A group of more than 100 of the largest U.S. companies has introduced a proposal that would encourage employees to obtain individual health and retirement plans rather than obtaining them directly through their employers. The ERISA Industry Committee, which includes companies such as General Motors, FedEx and IBM, seeks to reduce employer administrative costs, which, according to the group, adds about 20 percent to the cost of health care delivery.

The proposal would allow employees to obtain portable health plans and have the ability to determine the cost of medical procedures in advance. Under the proposal, two or three rival “benefit administrators” would offer health and retirement plans, and employees would obtain plans that meet their needs. The proposal also would allow employers to offer health and retirement plans to employees.

In addition, the proposal calls for uniform tax treatment for all U.S. residents, regardless of whether they obtain health and retirement plans directly through their employers, a recommendation that would require Congress to revise the U.S. tax code. The plan also includes an individual health insurance mandate, but it does not include a requirement for contributions on employers.

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